GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:1947
ANSWERED ON:30.11.2000
INCREASE IN FARES
UMMAREDDY VENKATESWARLU

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Indian Airlines has not increased the fare since long;

(b) if so, the details of impact on air traffic;

(c) whether the number of passengers has been increased;

(d) if so, whether the Indian Airlines benefited from more passengers and additional revenues which offset the higher fuel prices;

(e) if so, whether Indian Airlines is likely to reduce after cost of operation; and

(f) if so, the details thereof?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a): There has been no fare increase on North-East and other sectors within Category-II routes since October,1997 and other domestic sectors since October, 1998.

(b),(c) & (d): The passenger carriage by Indian Airlines during the first half year of 2000-01 did suffer a set-back in the aftermath of the air crash at Patna on 17th July, 2000 involving B-737 aircraft. The traffic has, however, started picking up in the second half year commencing October, 2000.

Director General of Civil Aviation had recently sent a report in the Ministry regarding the traffic trends on the domestic sector and respective passenger shares of Indian Airlines and Jet Airways. The salient features of this report are:

(i) During the first 10 months of the year 2000 i.e. upto October, 2000, the average growth rate of the domestic passenger air traffic so far has been 9.8%.

(ii) The passenger share of Indian Airlines has gradually improved from 42.3% in August 2000 to 45.5% in October, 2000.

(iii) The passenger load factor of Indian airlines has also improved to 63% in the month of October, 2000.

(iv) the total number of domestic passengers carried by Indian Airlines in the month of October, 2000 has again become more than the passengers carried by Jet Airways.

(e) & (f): The two ATF price hike for domestic operations within a short span of six months have added a financial burden of Rs.226 crores in the year 2000-01 at the existing level of domestic operations. It would indeed be somewhat difficult for Indian Airlines to off-set the increase in the cost of operation on this account at the existing fare structure. Indian Airlines is, however, examining various options to minimise the impact of cost increase, which inter-alia include concerted marketing/cost cutting measures and continued efforts for enhancement in the market share of Indian Airlines.